

**MINUTES OF REGULAR MEETING - VIDEO
OPEN SESSION
March 15, 2012
ILLINOIS GAMING BOARD
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Thursday, March 15, 2012 a Regular Meeting - Video of the Illinois Gaming Board ("Board") was held on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

On Thursday, March 15, 2012 at approximately 9:45 A.M. the following Board members were present: Members Maribeth Vander Weele, Michael Holewinski and Lee Gould. Chairman Jaffe participated via telephone. At 10:04 A.M. on Thursday, March 15, 2012, Member Holewinski called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat gambling Act, Member Gould moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Personnel matters;**
2. **Investigations concerning applicants and licensees; and**
3. **Closed session minutes.**

Member Vander Weele seconded the motion. The Board approved the motion unanimously by voice vote. The Board recessed and went into open session at 10:05 A.M. Present were the following: Member Gould, Member Vander Weele, and Member Holewinski. Chairman Jaffe participated via telephone. The Open Session for the Public started at 11:15 A.M.

ADMINISTRATOR'S REPORT -

Administrator Ostrowski gave a brief summary on the update of video gaming.

APPROVAL OF MINUTES –

Member Gould moved that **the Board approve the open session minutes of its Regular Meeting of February 16, 2012.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

BOARD POLICY ITEMS –

Caleb Melamed appeared before the Board and gave a synopsis of the Proposed Rules.

Sections 78 (a) (3) and (b) of the Video Gaming Act grant to the Board both regular and emergency rulemaking authority regarding the Video Gaming Act. The Board's staff recommends the following changes to the Board's rules:

The definition of “licensed technician” shall be clarified to clearly distinguish this category of licensee from a “licensed terminal handler”: The definition of “licensed terminal handler” in Section 5 of the Video Gaming Act [230 ILCS 40/5 (West 2010)] provides that this category of licensee shall have authority “to possess or control a video gaming terminal or to have access to the inner workings of a video gaming terminal.” “Inner workings” is never defined by the Video Gaming Act, but the most reasonable interpretation would be the innermost locked area of a video gaming terminal which houses electronic logic components that have the potential to significantly influence the operation of the VGT. As such, since a licensed handler can “possess or control” a VGT and have access to the “inner workings” of a VGT, a terminal handler can take a broken VGT out of service from a licensed establishment, take that VGT to an approved facility to repair the machine, and have access to all areas within the machine to effectuate the repair or replacement of parts. Alternatively, the licensed handler can have access to the inner workings of the VGT and effectuate the repair at a licensed location.

In contrast, the license of licensed technicians is limited to the “repair, service, and [maintenance of] video gaming terminals.” Licensed technicians cannot “possess or control” a video gaming terminal (i.e., take a broken VGT to a repair facility), nor can licensed technicians have access to the “inner working” of a VGT. As such, licensed technicians can repair, service and maintain VGTs only outside of the innermost locked area of a VGT housing the electronic logic components that have the potential to significantly influence the operation of the VGT. Such repairs and maintenance would include refilling printer paper, repairing bill validators, resetting tilted machines, repairing video displays, etc.

The video gaming rules should be amended to reflect the statutory differences in the scope of the “licensed terminal handler” and “licensed technician” licenses, along with defining the phrase “inner workings.” Staff recommends the adoption of the proposed rule change as a regular (non-emergency) rulemaking, whose adoption should be expedited in light of the fact that the Board will issue applications for these two categories of licenses in the very near future.

Terminal operators shall provide notification when a location agreement is assigned: At present, a terminal operator can assign a location agreement without notifying either the Board or the affected location. The Board needs such notification to ensure that there are no gaps in its regulation of terminal operators and licensed locations, and the affected location should likewise receive notification as a matter of basic business fairness and contract transparency. The proposed rule change will amend Section 1800.250 of the video gaming rules [11 Ill. Adm. Code 1800.250] to require a terminal operator which assigns a location agreement to provide both the Board and the affected location with prompt notification of the assignment. Staff recommends the filing of this proposal as a regular (nonemergency) rulemaking.

Terminal operators shall be responsible for liability insurance coverage: This proposed rule change will establish consistency between the Video Gaming Act and its implementing rules on the subject of responsibility for liability insurance coverage. Section 57 of the Video Gaming Act [230 ILCS 40/57 (West 2010)] currently provides that a terminal operator shall maintain liability insurance coverage on any gaming device that it places in a licensed location. In contradiction to this statutory provision, Section 1800.270 of the video gaming rules [11 Ill. Adm. Code 1800.270] imposes responsibility for purchase of the liability coverage on the

licensed location. The proposed rule change deletes the inconsistent language in Section 1800.270, thus making clear that responsibility for purchase of liability coverage rests solely with the terminal operator. Staff recommends the filing of this proposal as a regular rulemaking.

Registration of financing lenders shall be mandatory only where VGTs are secured as collateral: Section 1800.930 of the video gaming rules [11 Ill. Adm. Code 1800.930] currently provides that “[f]inancing for video gaming terminals may only be secured from a person who has registered with the Board on forms provided by the Board.” The present language is too broad. There is no regulatory need or authority for Board registration of lenders for the acquisition of video gaming terminals unless there is a possibility that the lenders will be enforcing a security interest in the VGTs (for example, the lender forecloses on the VGTs) if the borrower defaults. Staff therefore proposes that the language of Section 1800.930 be changed so as to require registration with the Board only for those financing arrangements wherein one or more VGTs are secured as collateral.

- **Proposed Rules – Sections 1800.100, 1800.250, 1800.270 and 1800.930**

Member Vander Weele moved that **the Board authorize staff to submit proposals to amend the Board’s rules on Video Gaming – Section 1800.100 regarding definitions; Section 1800.250 regarding Duties of Licensed Video Terminal Operators; Section 1800.270 regarding Duties of Licensed Video Gaming Locations; and Section 1800.930 regarding Prior Registration – for First Notice Filing with the Secretary of State upon final review and approval by the Administrator.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

SUPPLIER, MANUFACTURER AND DISTRIBUTOR LICENSEE ITEMS:

- **Chicago Gaming Company – Manufacturer and Distributor Licenses**

Based on a review of staff’s investigation and recommendation, Member Gould moved that **the Board approve Chicago Gaming Company for a Manufacturer’s and Distributor’s License effective March 15, 2012 for a period of one year, expiring in March, 2013.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

- **EDC, LLLP – Supplier License**

Based on a review of staff’s investigation and recommendation, Member Vander Weele moved that **the Board approve EDC, LLLP for a Supplier’s License effective March 15, 2012 for a period of one year, expiring in March, 2013.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote

TERMINAL OPERATOR ITEMS

Based on a review of staff's investigation and recommendation, Member Gould moved **that the Board approve the following entities for Terminal Operator's Licenses effective March 15, 2012 for a period of one year, expiring in March 2013:**

- **Accel Entertainment Gaming, LLC;**
- **Arkadian Gaming, LLC;**
- **B&B Amusement of Illinois, LLC;**
- **Compact Disc Amusements, Limited;**
- **E.C. Video Gaming Enterprises, LLC;**
- **Emperor Video Slots Corporation;**
- **Fair Share Gaming, LLC;**
- **Illinois Video Gaming, Inc.;**
- **Leisure Time Gaming & Amusements, Inc.;**
- **TJM Vending, Inc.;**
- **Tower Gaming, LLC; and**
- **WAMI Gaming, LLC.**

Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call.

- **Abraham Gaming, LLC – Terminal Operator**

Based on a review of staff's investigation and recommendation, Member Vander Weele moved that **the Board approve Abraham Gaming, LLC for a Terminal Operator's License effective March 15, 2012 for a period of one year, expiring in March 2013.** Member Gould seconded the motion. Chairman Jaffe opposed the motion. Member Holewinski was in favor of the motion. The motion passed 3 to 1.

- **Sky Vending, Inc. – Terminal Operator**

Based on a review of staff's investigation and recommendation, Member Gould moved that **the Board deny Sky Vending, Inc.'s application for a Terminal Operator's License.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

At 11:15 A.M. Member Vander Weele motioned to adjourn and Member Gould seconded the motion. All Members voted in favor of adjournment.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator